



# RATES AND CHARGES ANALYSIS

## RATES AND CHARGES STUDY

For

**BAY CITY REGIONAL AIRPORT (BYY)**  
**Bay City, Texas**

Prepared for

**City of Bay City**

By



**NOVEMBER 2020**

## BAY CITY REGIONAL AIRPORT RATES AND CHARGES STUDY

### INTRODUCTION

This Rates and Charges Analysis for Bay City Regional Airport (BYY) has been undertaken to evaluate the rates and charges structure at BYY and compare those rates to those currently in effect at several comparable airports and to assess the adequacy of the rates and fee structure for BYY based on this information. Recommendations for updating the rates and charges structure at BYY are made to assist the airport in competing in a fair and equitable manner with other airports, while maintaining fiscal responsibility and oversight of the airport.

For this study, rates and charges were examined from several airports located regionally and nationally for use as a comparison to the existing rates and charges in place at BYY. This information serves as a basis to identify opportunities for the airport to balance their rates and charges structure to industry standards for similarly positioned airports. Specific rates and charges examined in this study include, but are not limited to the following:

- Tie-down Fees
- Ramp Space Fees
- Rental / Lease Rates for T-Hangars
- Rental / Lease Rates for Main Hangar
- Courtesy Car Rates
- After Hours Services Fee (per hour)
- Full-service fueling add-on cost (per gallon)
- Lease rates for office space (aviation use)
- Ground lease rates (undeveloped land)

The preparation of this study is evidence that the City of Bay City recognizes the importance of the airport to the region and the associated challenges inherent in providing for its unique operating needs. Having an effective and balanced rates and charges program in place will allow the airport to move toward the goal of financial self-sufficiency and to potentially assist in generating funding to support capital improvements for the overall growth and development of the airport.

### AIRPORT RATES AND CHARGES POLICY

The City of Bay City has the responsibility to manage Bay City Regional Airport in a fiscally responsible manner. The Federal Aviation Administration (FAA), by way of its airport grant assurances associated with various capital development projects, requires any airport to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. As the sponsor of the airport, the City of Bay City has received federal airport development funding recently and is, therefore, federally obligated to abide by the grant assurances which require compliance with various FAA policies, including policies related to airport rates and charges as published in Federal Register, Volume 78, No. 175, dated September 10, 2013, *Policy Regarding Airport Rates and Charges*.

## FAA GUIDANCE - AIRPORT RATES AND CHARGES

The FAA places several stipulations on rates and charges establishment and collection; however, two primary considerations need to be addressed. First, the rates and charges must be fair, equally applied, and resemble fair market value. Second, the rates and charges collected must be returned to and used only by and/or for the airport. In other words, the revenues generated by airport operations cannot be diverted to the general use of the Sponsor. The FAA requires funds to be used at airports, as these funds are many times needed to either support the day-to-day operational costs or offset capital improvement costs.

Airport sponsors receiving FAA federal grant assistance through the Airport Improvement Program (AIP) are obligated to comply with various federal laws, assurances, and regulatory requirements. These requirements extend to city procedures and policies related to the use of airport property and the establishment of lease rates and user fees. There are currently 39 grant assurances the City is obligated to meet for receipt of AIP grant funding. The *Airport Compliance Manual (Order 5190.6B)* outlines five principles for airport sponsors to follow when establishing and implementing airport rates and charges:

**Fair and Reasonable** - Federal law, as implemented by the FAA Rates and Charges Policy, requires that the rates, rentals, landing fees, and other charges that airports impose on aeronautical users for aeronautical use be fair and reasonable. FAA policy allows airport sponsors to set their rates and charges through a host of mechanisms including by ordinance, statute, resolution, regulation, or agreement.

**Not Discriminatory** - Aeronautical fees may not unjustly discriminate against aeronautical users. FAA will look to the consistent application of an airport sponsor's methodology to determine discriminatory practices. Reasonable distinctions are permitted in setting fees. For instance, the waiver of fees in the event an airport user purchases other goods or services such as fuel.

**Self-sustaining** - Sponsors must maintain a fee and rental structure that makes the airport as financially self-sustaining as possible. Although it is the objective and intent of an airport sponsor to establish its fee structure in a manner to recoup its operating expenditures and cost of capital, the FAA recognizes that not all airports can achieve this objective. Some airports do not have the revenue generating capacity to approach a breakeven posture; nonetheless, the City is obligated to take a long-term approach and set its fees and charges to reflect market conditions and current rates.

**Allowable Use** - A sponsor may only use its airport revenue for airport capital and operating costs and certain other facilities directly related to air transportation, as permitted by 49 U.S.C. §§ 47107(b) and 47133. The airport must ensure that revenue generated by aeronautical activity by an airport sponsor is solely dedicated to the operation, maintenance, administration, and development of the airport. Implementing accounting policies and procedures that document airport revenues, transfers, and expenditures of revenue greatly enhance an airport sponsor's ability to demonstrate compliance with this obligation.

**International Operations** - Fees imposed on international operations must comply with the international obligations of the United States Government under international agreements. The FAA is seeking to ensure that airport sponsors comply with previously established obligations of the United States related to international flights and carriers using its airspace and airport facilities. It should be noted that BYY is not an international airport.

## BASELINE ASSUMPTIONS

A study such as this typically requires baseline assumptions that will be used throughout the analysis. The baseline assumptions for this study are as follows:

- Bay City Regional Airport will continue to operate as a city-owned general aviation airport.
- The airport will continue to seek opportunities to further enhance the growth and development of the airport.
- The airport will continue to meet their grant assurances by striving toward financial self-sufficiency in both operating and capital costs.

## AIRPORT PROFILE

It is important to gain an understanding of the role of the airport and the facilities and services offered. This element examines several facets of the airport, including background information, the role of the airport in the national and state aviation systems, and the existing facilities and services offered.

## AIRPORT SYSTEM ROLE

At the national level, BYY is included in the FAA's *National Plan of Integrated Airport Systems* (NPIAS), which supports the FAA's strategic goals for safety, system efficiency, and environmental compatibility by identifying specific airport improvements. The NPIAS identifies 3,321 public-use airports that are significant to national air transportation and are, therefore, eligible to receive grants under the FAA's Airport Improvement Program (AIP). There are 380 primary commercial service airports and 2,941 non-primary general aviation airports in the NPIAS. An airport must be included in the NPIAS to be eligible for federal grant-in-aid funding assistance from the FAA. Bay City Regional Airport is classified as one of the 2,941 non-primary general aviation airports in the NPIAS.

Non-primary general aviation airports are further classified as National, Regional, Local, or Basic, in descending order of capability. BYY is classified as one of 1,278 Local general aviation airports. Local general aviation airports support regional economies by connecting communities to local and regional markets. Local airports average about 34 based propeller aircraft and do not typically have frequent activity by turboprop and jet aircraft. This level of activity is very similar to BYY's typical activity.

At the state level, Bay City Regional Airport is included in the *Texas Airport System Plan* (TASP). The purpose of the TASP is to ensure that the state has an adequate and efficient system of airports to serve its aviation needs. The TASP defines the specific role of each airport in the state's aviation system and identifies funding needs. The TASP classifies airports as Primary and Non-Primary Commercial Service airports, Relievers, General Aviation (GA) airports, and heliports. Bay City Regional Airport is classified as a GA – Business / Corporate airport in the TASP. **Table A** shows the national and state classification of airports in the State of Texas.

**TABLE A**  
**National and State Airport Classification**

National Classification (FAA) <sup>1</sup>		No. in TX State
Primary Commercial Service		24
Non-Primary General Aviation		186
National	Very high levels of activity with many jets and turboprops. Averaging 200 based aircraft, including 30 jets.	11
Regional	High levels of activity with some jets and turboprops. Averaging 90 based aircraft, including 3 jets.	37
<b>Local</b>	<b>Moderate levels of activity with some turboprops. Averaging 33 based aircraft and no jets.</b>	<b>77</b>
Basic	Moderate to low levels of activity. Averaging 10 small based aircraft and no jets.	44
Unclassified	Yet to be classified.	17
State Classification (Texas) <sup>2</sup>		No. in TX State
Primary Commercial Service	Supports scheduled passenger service by large and medium transport aircraft; enplanes at least 10,000 passengers annually	26
Non-Primary Commercial Service	Supports scheduled passenger service by smaller transport aircraft; enplanes fewer than 10,000 but more than 2,500 passengers annually	1
Reliever	Relieves congestion at Commercial Service airports by providing alternative general aviation facilities.	24
<b>GA - Business / Corporate</b>	<b>Provides community access by business jets.</b>	<b>67</b>
GA - Community Service	Provides community access by single and light twin-engine aircraft, and a limited number of business jets.	106
GA – Basic Service	Provides air access for communities less than 30 minutes drive from Commercial Service, Reliever, Business/Corporate, and Community Service airports; and/or supports essential but low level activity.	68
GA – Heliport	Accommodates helicopters used by individuals, corporations, and helicopter air taxi services. Scheduled passenger service may be available if sufficient demand exists.	2

<sup>1</sup>National Plan of Integrated Airport Systems 2021-2025 (NPIAS)

<sup>2</sup>Texas Airport System Plan 2010

**BYY is listed as a Local Airport by the FAA and a GA – Business Corporate Airport by the state.**

## AIRPORT BACKGROUND AND EXISTING SERVICES

Bay City Regional Airport is located five miles east of Bay City, Texas and is owned by the City of Bay City. The airport was originally constructed by the City of Bay City in late 1966. The airport consists of approximately 141 acres of property and has been in operation as a public use general aviation facility since it opened in 1969. The airport began as a transport facility (a formerly used term for general aviation airports – now most closely related to basic service under current classifications) with a 5,107-foot paved runway and 16,000 square yard apron area. Present day airport information is depicted in **Table B**, as published in the FAA’s Airport Master Record Form 5010-1.

Today, the Airport is an active general aviation facility home to approximately 41 based aircraft. According to the FAA *Terminal Area Forecast* (TAF), BYY experiences approximately 14,150 aircraft operations on an annual basis. These operations can be broken down into local and itinerant operations. A local operation is a take-off or landing performed by an aircraft that operates within sight of the airport, or which executes simulated approaches or touch-and-go operations at the airport. Itinerant operations are those performed by aircraft with a specific origin or destination away from the airport. Of the total annual operations at BYY, the FAA TAF estimates that BYY experiences 7,000 local general aviation operations, 7,000 itinerant general aviation operations, and 150 itinerant military operations. Actual operational levels may vary up or down from the TAF estimate; however, the TAF operational estimates serve as a reasonable measure for purposes of this study.

**TABLE B**  
**Bay City Regional Airport**

Airport Information	
Ownership	Publicly owned
Airport Sponsor	City of Bay City
Service Level	General Aviation
Based Aircraft	41
Elevation	44.9 feet
Acreage	141 acres
Runway Length	5,107 feet
Runway Width	75 feet
Runway Surface	Asphalt in good condition
Runway Lighting	Medium Intensity Runway Lighting
Instrument Approach	Yes
General Aviation Aircraft Services	FS/SS Fuel, Aircraft Tie-down, Hangar Rental

Source: FAA - Airport Master Record Form 5010 - 1

FS: Full-Service

SS: Self-Service

General aviation aircraft services such as fueling, courtesy car, aircraft tiedown, and hangar storage are offered at BYY through the city. The airport has several general aviation facilities, which are owned and operated by the city. Aircraft hangar storage facilities at the airport consist of a large conventional hangar (greater than 10,000 square feet) as well as four separate T-hangars with 11 units each. It should be noted that an additional 11-unit T-hangar is currently under construction. The airport has a dedicated fuel farm that accommodates 100LL and Jet A self-service tanks. In addition, full-service fueling services are available for 100LL and Jet A fuel types.

## REGIONAL AND NATIONAL AIRPORTS ANALYZED

Airport sponsors will occasionally compare fee structures with other airports supporting similar activity levels. This strategy helps determine the reasonableness of their own rates and charges for general aviation. Straight comparisons of airport rates and charges are not necessarily appropriate as each airport has different infrastructure and business environments. Rates such as land leases, hangars, landing fees, and fuel flowage can be influenced by issues such as the degree to which airports are self-sufficient, age of infrastructure, airport capital, maintenance and operational expenses, number of FBOs and their investment in facilities, general aviation growth, public vs. private ownership of facilities, competition from other airports, and local/state taxes. As mentioned, fees are normally established by an airport based on market conditions in the area and may vary from airport to airport. Thus, fees assessed at airports located within or in proximity to a large metropolitan area may charge higher rates when compared to more rural airports. All rates and charges should be fair and reasonable, but priced to be equitable for the airport.



## RATES AND CHARGES COMPARISON

As a point of comparison, **Table C** presents published rates and charges imposed by other Texas airports offering general aviation services. In addition, **Exhibit A** (presented at the end of this document) provides a more detailed summary of rates and charges currently in place at multiple airports within the State of Texas as well as airports of similar size and service level located throughout the nation. This information can serve as a barometer to which the City of Bay City can measure the rates and fees to ensure market rates are being charged.

**TABLE C**  
Comparable General Aviation Airport Statistics

Airport	2019 Operations	Tie-Down	Hangars	
			Size	Monthly Rent
Waco Regional Airport Waco, TX	47,000	\$10.00 \$20.00 \$50.00	T-hangar #1 T-hangar #11 Executive T-hangars all others Executive T-hangars #7, 13, 16	\$125.00 \$135.00 \$160.00 \$200.00
Terrell Municipal Airport Terrell, TX	33,700	\$5.00 NC with Fuel	T-hangars 1,000 sq. ft. 44' door opening with bi-fold doors City Hangar @ 6,000 sq. ft.	\$150.00 \$290-\$420 \$1,000.00
Granbury Regional Airport	33,200	\$5.00 \$10.00 \$25.00	T-hangars New enclosed hangars New enclosed end hangars Older city hangars Open T-hangars	\$285.00 \$325.00 \$225.00 \$215.00
Cleburne Regional Airport Cleburne, TX	33,427	NC	T-hangars – small T-hangars – large	\$200.00 \$250.00
Mid-way Regional Airport Midlothian, TX	49,700	\$50.00	T-hangar 39 x 33 47 x 33 45 x 39 Box hangar – 3,111 sq. ft. Box hangar – 4,620 sq. ft. powered doors Box hangar – 4,225 sq. ft. power doors & sprinkler	\$255.00 \$300.00 \$388.00 \$774.00 \$900.00 \$1,545.00
La Porte Municipal Airport La Porte, TX	29,200	\$40.00	T-hangar	\$300.00
Midland Airpark Midland, TX	40,900	NC	T-hangar 1,127 sq. ft. 1,312 sq. ft.	\$300.00 \$350.00
Curtis Field Brady, TX	13,000	\$50.00	Single Engine Multi-Engine Above Cabin Class Twins	\$70.00 \$150.00 \$400.00
Brownwood Regional Airport Brownwood, TX	10,100	\$25.00	Hangar G (executive) Hangar G (large) Hangar D Hangar A, F, G (small) Hangar C – Twin Plane Hangar C – Single Engine Plane Hangar E T-shed	\$300.00 \$200.00 \$180.00 \$140.00 \$140.00 \$120.00 \$110.00 \$70.00
Burnet Municipal Airport Burnet, TX	21,000	\$35.00	T-hangar Large T-hangar Sun Shelters	\$250.00 \$350.00 \$100.00
Smithville Crawford Municipal Airport Smithville, TX	16,800	\$25.00	Single hangar Twin hangar	\$140.00 \$160.00



TABLE C (continued)

Gillespie County Airport Fredericksburg, TX	14,800	NC	T-hangar	\$200.00
Lockhart Municipal Airport Lockhart, TX	15,600	NC	T-hangar Clear 45 x 41 Corner Tee 42 x 30	\$250.00 \$350.00 \$275.00
Llano Municipal Airport Llano, TX	10,000	\$5.00	T-hangar Units 2-9, 11-12 Unit 13 Units 1, 15-22 Units 14 and 23 (single occupancy) Units 14 and 23 (double occupancy) Box Hangar 42 x 34 Hangar 50 x 34 Hangar 75 x 75	\$95.00 \$110.00 \$160.00 \$215.00 \$300.00 \$250.00 \$550.00 \$1,000.00
Scholes International Airport Galveston, TX	29,300	\$15.00- \$80.00	T-hangar  Box Hangar  Executive Hangar	\$125.00- \$350.00  \$300.00- \$1,600.00 \$2,500.00- \$3,000.00
Texas Gulf Coast Regional Airport Angleton/Lake Jackson, TX	78,000	\$10.00- \$100.00	T-hangar  Box/Executive Hangar	\$200.00- \$280.00  \$220.00- \$1,500.00
Sherman Municipal Airport Sherman, TX	8,250	\$25.00/mo	T-hangar  Box Hangar	\$350.00- \$420.00 \$205.00- \$235.00

Sources: FAA Terminal Area Forecast January 2020, [www.airnav.com](http://www.airnav.com), and airport websites

Legend: SS = self-serve, FS = full serve, NC = no charge, N/A = not available, sq. ft. = square feet

## AIRPORT REVENUE PRACTICES

General aviation airports have opportunities to generate revenue which offsets operating costs and, in some cases, capital improvement costs. Assurances associated with FAA grants indicate that it should be a goal of every airport to strive toward financial self-sufficiency. To that end, there are several common categories of revenue generation that general aviation airports can implement. The following section describes these common methods of revenue generation for general aviation airports.

Airport management should establish standard base rates for each category of fee assessment. The base rates established within each category should vary based on desirability. For example, it is reasonable to charge more for a new T-hangar with electric bi-fold doors as compared to an old T-hangar of the same size without electricity or electric doors.

The discussion to follow outlines methods of revenue generation and prior analysis documented the rates and charges program at a multitude of regional and nationally located general aviation airports. These fees are normally established by and airport based on market conditions in the area and may vary from airport to airport. Based upon this analysis recommended rates for BYY are presented below. It should be noted that these recommendations are the starting point for any fee to be imposed or lease negotiation. It is assumed that the standard basis rates would be further examined or negotiated to take into consideration potential tenant improvements, airport improvements (safety, security, fencing, etc.), condition, and other factors.

## AIRCRAFT PARKING/TIEDOWNS

Aircraft parking fees, also referred to as tiedown fees, are typically assessed to those aircraft utilizing a portion of an aircraft parking area that is owned by the airport. These fees are most generally assessed on a daily or monthly basis, depending upon the specific activity of a particular aircraft.

Aircraft parking fees can be established in several different ways. Airport sponsors can establish the rate and schedule at which fees are assessed as long as they are fair and reasonable. Typically, airports impose aircraft parking fees in accordance with an established schedule in which an aircraft within a designated weight and/or size pays a similar fee (i.e., small aircraft, single engine aircraft). The schedule at which fees are assessed must be fair and reasonable but must also balance what the market will bear. For example, an airport sponsor could charge a prorated hourly tiedown fee up to a certain threshold, beyond which the full daily rate would be levied; or a flat-rate fee could be charged regardless of time spent at the airport. Aircraft parking fees may also be charged according to a “cents per 1,000 pounds” basis in which larger aircraft with increased weights would obviously pay more for utilizing the aircraft parking apron. There are also instances in which aircraft parking fees are not assessed on an airport. Regardless of how the sponsor chooses to charge fees, a balance must be struck to ensure the fee structure and rate is not a deterrent to users.

An airport sponsor may also include in a lease agreement with an aviation-related commercial operator at the airport to collect aircraft parking fees on portions of an aircraft parking apron in which the airport does not own or is leasing to a commercial operator, such as a specialty aviation service operator (SASO). As a result, the airport could directly collect parking fees from an aircraft utilizing this space or allow the commercial operator to collect the parking fee, in which the agreement may allow the commercial operator to retain a portion of the parking fee as an administrative or service fee.

As previously discussed, aircraft parking fees can be assessed on a daily or monthly basis. Daily aircraft parking fees are typically assessed to transient aircraft utilizing the airport on a short-term basis, while monthly fees are charged to aircraft that utilize a particular parking area for the permanent storage of their aircraft. Monthly aircraft parking fees are often assessed at airports that contain a waiting list for aircraft hangar storage space. It is also common practice at many airports to waive a daily aircraft parking fee in the event the aircraft purchases fuel prior to departing the airport.

Previous rates and charges analysis conducted by the consultant outside this study, as well as information provided in **Table C** and **Exhibit A**, indicate that daily aircraft parking fees can vary from \$0 to \$100 depending on the type of aircraft, and monthly aircraft parking fees can range between \$20 to \$1,200 per month depending on the type and size of the aircraft.

At present, BYY charges daily tiedown fees of \$10 for single engine piston aircraft, \$20 for multi-engine piston aircraft, and \$30 for turboprops and jets. The first calendar day of tiedown fees will be waived with the purchase of fuel. Current monthly tiedown fees set at \$100 for single engine piston aircraft, \$200 for multi-engine piston aircraft, and \$300 for turboprops and jets.

In addition to tiedown fees, the airport also collects a ramp fee. The ramp fee is charged to any operator utilizing the ramp at BYY; however, the fee is waived with the purchase of fuel as well as for operators using the ramp to pick up or drop off passengers. All others using the ramp will be charged a ramp fee

on the calendar day. The current rate for the BYY ramp fee is \$10 for single engine piston aircraft, \$20 for multi-engine piston aircraft, and \$30 for turboprops and jets. Similar to aircraft parking and tiedown fees, the airport sponsor could charge a prorated hourly tiedown fee up to a certain threshold, beyond which the full daily rate would be levied; or a flat-rate fee could be charged regardless of time spent at the airport. Regardless, a balance must be struck to ensure the fee structure and rate is not a deterrent to users. **Table D** provides the existing and recommended tiedown and ramp fees for the airport.

**TABLE D**  
**Existing BYY Charges and Recommended Rates: Tiedown and Ramp Fees**  
**Bay City Regional Airport**

Aircraft Parking Tiedown <sup>1</sup>	Existing Rate: Daily/Monthly	Recommended Rate: Daily/Monthly
Single Engine	\$10/\$100	Same
Twin Engine	\$20/\$200	Same
Turboprop/Jet	\$30/\$300	Same/\$350-400 for aircraft ≥ 12,500 Lbs <sup>2</sup>
Aircraft Ramp Fee <sup>1</sup>	Existing Rate: Daily	Recommended Rate: Daily
Single Engine	\$10	Same
Twin Engine	\$20	Same
Turboprop/Jet	\$30	Same
Fractional Operator	N/A	\$40-50

Source: Airport Records; Coffman Associates Analysis

<sup>1</sup>Daily tiedown and ramp charges could be prorated based upon length of use, should the sponsor choose.

<sup>2</sup>Rather than weight, aircraft could also be classified by number of seats. For example, 1-4, 5-9, 10+.

## AIRCRAFT STORAGE HANGARS

There are several types of aircraft storage hangars that can accommodate aircraft on an airport. In order to establish hangar fees, an airport typically factors in such qualities as hangar size, location, and utilities. Aircraft hangar fees are most often charged on a monthly basis.

Common aircraft storage hangars are typically categorized as shade hangars, T-hangars, box hangars, and conventional hangars. Shade hangars consist of tiedown spaces with a protective roof covering. T-hangars provide for separate, single-aircraft storage areas. Box hangars provide a slightly larger storage space than T-hangars and can sometimes accommodate more than one aircraft. Conventional hangars provide a large, enclosed space that can accommodate larger multi-engine piston or turbine aircraft and/or multiple aircraft storage. Conventional hangars, which can sometimes contain office space, can also be utilized by aviation-related commercial operators for their business activities on an airport.

Location can also play a role in determining hangar rates. Aircraft storage hangars with direct access to improved taxiways/taxilanes and adjacent to aviation services being offered at an airport can oftentimes be more expensive to rent. In addition, the type of utility infrastructure being offered to the hangar can also help determine storage fees. Smaller aircraft storage hangars, such as a T-hangar or small box hangar, can either be granted access through a manual sliding door or electric door. It is common for hangars that provide electric doors to have higher rental fees, as the cost associated with constructing these hangars would exceed the cost associated with simpler structures.

At some airports, hangar facilities are constructed by the airport sponsor, while at other airports, hangars are built by private entities. In some cases, airports have both public and private hangar facilities available.

Hangars can be expensive to construct and offer minimal return on investment in the short-term. In order to amortize the cost of constructing hangars, lease rates should be developed at a minimum to recover development and finance costs.

T-hangars often range from approximately \$100 to \$450 per month depending on several factors previously listed. Larger box and conventional-style hangars can be leased per aircraft space or for the entire hangar. Monthly rates similar to those for individual T-hangar units often apply to leased aircraft space in a box or conventional hangar. Depending upon the hangar location, amenities, and size, monthly box hangar rates can range from approximately \$200 to more than \$1,500, while monthly conventional hangar rates can range from anywhere up to approximately \$6,000 per month. Overnight hangar storage fees can range from \$30 to \$120 for piston and turboprop aircraft, while overnight jet hangar storage fees can range up to nearly \$400.

At BYY, the city charges a lease/rental rate based on the hangar type on all hangars, which are city-owned. Currently, T Hangars are leased at a monthly rate of \$185. A conventional hangar on the field known as the “Main Hangar” can be leased daily or monthly and the rate varies based on aircraft type. The main hangar daily fee is \$25 for single engine piston aircraft, \$50 for multi-engine piston aircraft, and \$100 for turboprops and jets. Current monthly rates for the main hangar are \$225 for single engine piston aircraft, \$300 for multi-engine piston aircraft, \$350 for turboprops, and \$450 for jets. **Table E** presents the existing and recommended hangar rates for the airport.

**TABLE E**  
**Existing BYY Charges and Recommended Rates: Hangar Rates**  
**Bay City Regional Airport**

Main/Conventional Hangar	Existing Rate: Daily/Monthly	Recommended Rate: Daily/Monthly
Single Engine	\$25/\$225	Same
Twin Engine	\$50/\$300	Same
Turboprop	\$100/\$350	Same/\$375-\$450
Jet	\$100/\$450	\$150/\$500-\$550
T-Hangar	Existing Rate: Monthly	Recommended Rate: Monthly
Single/Twin Engine	\$185	\$200-\$250
New Construction T-Hangar	N/A	\$225-\$250
New Construction T-Hangar Suite	N/A	\$250-\$300

Source: Airport Records; Coffman Associates Analysis

## GROUND RENTAL/LEASE

Ground rentals can be applied to aviation and non-aviation development on an airport. Also known as a land lease, a ground lease can be structured to meet the particular needs of an airport operator in terms of location, terrain features, amount of land needed, and type of facility infrastructure included.

One of the single most valuable assets available to an airport is the leasable land with access to the runway/taxiway system. For aviation-related businesses, it is critical that they be located on an airport. Airport property is available for long-term lease but, in most cases, it cannot be sold. At the expiration of the lease and any extensions, the improvements on the leased land revert back to the airport sponsor. In order for this arrangement to make financial sense, most ground leases are at least 20 years in length and include extension opportunities. Those who lease land on an airport are typically interested in constructing

a hangar for their own private use, for sub-lease, or for operation of an airport business. Therefore, the long-term lease arrangement is important in order to obtain capital funding for the construction of a hangar or other type of facility. It should also be noted that ground leases should include the opportunity to periodically review the lease and adjust the rate according to the consumer price index (CPI). Typical lease agreements range from 20 to 30 years with options for extensions.

Ground leases are typically established on a yearly fee schedule based upon the amount of square feet leased. The amount charged can vary greatly depending on the level of improvements to the land. For example, undeveloped land with readily accessible utilities and taxiway access can generate more revenue than unimproved property. Previous surveys at other airports across the country conducted by the consultant have determined ground lease rates to range from \$0.08 per square foot per year to more than \$1.00 per square foot per year. Typically, airports in larger metropolitan areas set land lease rates at approximately \$0.25 cents per square foot per year. At present, BYY does not currently have any ground leases, but will consider potential leases as the opportunities present themselves, following the current City ordinance(s). **Table F** presents recommended ground lease rates the airport could use as a guideline should ground leased be made available.

Some airports will have other leasable space available. For example, airports with a terminal building may have office or counter space available for aviation and non-aviation related businesses. Some example businesses could include SASOs, aircraft sales, flight instruction, aircraft insurance, and a restaurant. Lease rates for finished office space can range from anywhere around \$5 per square foot per year to upwards of \$40 per square foot per year.

Under certain circumstances, an airport sponsor may utilize portions of the airport for non-aeronautical purposes, such as commercial and/or industrial development if certain areas are not needed to satisfy aviation demand or are not accessible to aviation activity. Prior to an airport pursuing a ground lease with a commercial operator for non-aeronautical purposes, the sponsor must formally request TxDOT – Aviation Division and the FAA release the land in question from its federal obligations. Plus, revenues generated on airport property must remain with the airport funds.

**TABLE F**  
**Existing BYY Charges and Recommended Rates: Ground Lease Rates**  
**Bay City Regional Airport**

Ground Lease	Existing Rate: Sf per Year	Recommended Rate: Sf per Year
Aviation Related Land: Improved	N/A	\$0.15
Aviation Related Land: Unimproved	N/A	\$0.10
Non-Aviation Related Land	N/A	\$0.25
Office/Terminal Lease	Existing Rate: Sf per Year	Recommended Rate: Sf per Year
Office/Terminal Space	N/A	\$2.50-\$15

Source: Airport Records; Coffman Associates Analysis

## FUEL SALES AND FLOWAGE

Fuel sales are typically managed at an airport in one of two ways: the airport sponsor acts as the fuel distributor or fueling operations are sub-contracted to an FBO. If the airport sponsor acts as the fuel distributor, then the airport receives revenues equal to the difference between wholesale and retail prices.

At BYY, the City owns and operates the fuel farm, thus profiting on the difference between wholesale and retail price. It should be noted that the airport currently does have a fuel flowage fee in place for any private, individual self-fueling deliveries of \$0.15 per gallon. Self-fueling deliveries can be typical of publicly owned airports with a commercial or private tenant who is a frequent operator. Previous surveys conducted by the consultant have determined fuel flowage rates to generally range from \$0.08 per gallon to approximately \$0.20 per gallon and in some cases higher. **Table G** presents the existing and recommended private self-fuel flowage fee.

**TABLE G**  
**Existing BYY Charges and Recommended Rates: Private Fuel Flowage**  
**Bay City Regional Airport**

Fueling Fees	Existing Rate: Cents per Gallon	Recommended Rate: Cents per Gallon
Private Self-Fuel Delivery	\$0.15	Same

Source: Airport Records; Coffman Associates Analysis

### FULL-SERVICE FUEL ADD-ON

Many airports offer two levels of service with regard to fueling. Self-serve which is usually provided via an electronic pay fuel dispenser or full service fueling. Full service fueling typically refers to fuel delivered by truck and pumped by an airport or FBO employee, allowing fuel to be delivered to aircraft parked on the apron or in an aircraft storage hangar. Full service fueling provides a level of convenience to the operator by allowing fuel order service without being physically present at the airport either before or after a flight. Based upon previous surveys, full-service fees typically adds to self-serve fuel cost in the range from \$0.20 to \$0.50 per gallon. The airport currently charges a full service fueling at a rate of .40 cents per gallon of fuel purchased. **Table H** presents the existing and recommended rate for the full-service fuel add-on.

**TABLE H**  
**Existing BYY Charges and Recommended Rates: Full-Service Fuel**  
**Bay City Regional Airport**

Fueling Fees	Existing Rate: Cents per Gallon	Recommended Rate: Cents per Gallon
Full-Service Add-On	\$0.40	Same

Source: Airport Records; Coffman Associates Analysis

### AFTER HOURS SERVICES

After Hours Services refer to times when the airport and FBO would otherwise be closed. If a customer requests services outside of regular hours for any reason an additional service fee is charged to that customer. Previous analysis indicates that after hours service fees can range upwards of \$100 per hour. Rather than hourly after-hours fees, some airports charge flat rate after hours fueling fees which can range up to \$200. According to the current fee schedule at BYY, customers requesting services or assistance after hours will be charged \$55 per hour with a two-hour minimum. This fee also applies to customers requesting services that require employees to work overtime or beyond normal working hours. **Table J** presents the airport's existing and recommended after hours service rates.

**TABLE J**  
**Existing BYY Charges and Recommended Rates: After Hours Service**  
**Bay City Regional Airport**

After Hours/Overtime	Existing Rate: Per Hour	Recommended Rate: Per Hour
After Hours Services	\$55 <sup>1</sup>	Same

Source: Airport Records; Coffman Associates Analysis

<sup>1</sup>This fee currently has a two-hour minimum.

## COURTESY CAR RATES

At most general aviation airports around the country, a form of courtesy transportation is provided for pilots and airport facility users. This type of transportation is generally provided as a complementary service for transient operators under certain provisions. At most airports, courtesy transportation is provided free of charge to pilots using the vehicle within the local area. In general, if users desire a vehicle for a longer term of use, a rental car service will be used in lieu of a courtesy car. Fees for courtesy car use generally range up to approximately \$25. If a fee is levied for the use of a courtesy car, it is generally waived with the purchase of fuel. At BYY, the courtesy car can be used for a period of up to two hours by fly-in visitors who purchase fuel. Beyond two hours of use, a \$15 charge is applied for each additional hour. Any visitor that does not purchase fuel may also use the courtesy car at a rate of \$20 per hour. Overnight use of the vehicle may be authorized with a flat rate fee of \$100 per night. This is reasonable as the courtesy car is designated for short-term use only. It should be noted that Bay City has limited rental car availability and there are not ride-share options available, resulting in some pilots being left without ground transportation upon arrival. As a result, BYY could consider the acquisition of an additional courtesy car or cars. In addition, the City could seek increased rental car service or the potential for ride-share services. **Table K** presents the existing and recommended courtesy car rates for the airport.

**TABLE K**  
**Existing BYY Charges and Recommended Rates: Courtesy Car**  
**Bay City Regional Airport**

Courtesy Car	Existing Rate: Per Hour/Overnight	Recommended Rate: Per Hour/Overnight
Courtesy Car Rate	\$0-\$20/\$100	Same <sup>1</sup>

Source: Airport Records; Coffman Associates Analysis

<sup>1</sup>If there is high demand for the courtesy car, the airport could seek options for improved rental car service/ride-share programs or consider the addition of another courtesy car.

## CUSTOMS AND BORDER PROTECTION

Some airports are certified ports of entry, which means that U.S. Customs and Border Protection service is available. U.S. Customs provides screening of foreign visitors, imported cargo that enters the U.S. at the airport, and returning American citizens. At general aviation airports, this is typically available when operators pre-arrange their arrival time with Customs and is only offered as an on-demand service. This capability expands the potential users of the airport to international flights. While there is a Customs clearance fee charged by Customs for their service, airports making the service available may also charge a fee. The fee structure that airports charge is typically based on the size or weight of the aircraft. Some



airports do not charge a Customs fee to encourage use of their airport. Airports that do charge for Customs and Border Protection services generally range from \$50-\$100 per use for small single and twin aircraft, \$200-\$500 for light to medium turboprop and jet aircraft, and \$500-\$750 for medium to large jet aircraft. **Table L** presents the recommended Customs and Border Protection service fees that could be used as a guideline should the airport pursue these services.

**TABLE L**  
**Existing BYY Charges and Recommended Rates: Customs and Border Protection**  
**Bay City Regional Airport**

Customs/Border Protection	Existing Rate: Per Use	Recommended Rate: Per Use
Single Engine	N/A	\$50-\$60
Twin Engine	N/A	\$60-\$100
Small Turboprop/Jet	N/A	\$100-\$350
Medium-Large Turboprop/Jet	N/A	\$350-\$600

Source: Coffman Associates Analysis

## SUMMARY

It is important that Bay City Regional Airport carefully consider each element of its overall general aviation revenue strategy. This pricing strategy must consider the revenue potential across a range of various sources. Beyond providing funds for the continued operation and maintenance of the airport, the chosen strategy can seek to maximize funding for airport-funded development or can seek to encourage private investment in airport facilities. For example, BYY could implement a strategy which encourages private investment. Examples of significant private investment can include general aviation terminal buildings, aviation fuel farms, and hangar development projects.

The revenue strategy must balance the need for increasing revenues while not alienating tenants or customers. It is important that the airport remain competitive regarding the local landscape as well as relative to peer airports. Currently, BYY compares reasonably to peer airports across a variety of metrics. It is recommended that BYY periodically evaluate their rates and charges annually or biannually to ensure market rates are being charged. Depending upon the level of detail required, rates and charges evaluations can be carried out by the airport sponsor through market research or a formal rates and charges analysis.

Airport/FAA ID/State	Airport FAA Classification <sup>1</sup>	Longest Runway	Based Aircraft/ TP & Jets <sup>2</sup>	Annual Operations <sup>2</sup>	Aircraft Parking Rates	Hangar Storage Rates	Ground Lease Rates	Fuel Flowage Fees	Landing Fees	Auto Parking Fees	Customs Fees	Commercial Operators License	Percentage of Gross Sales	Typ. Lease Term/Reversion
Bay City Regional /BYV/TX	Local GA	5,107'	41/0	14,150	Tie-Down/Piston/ \$100/mo.; \$10/overnight Tie-Down/Twin Piston/\$200/mo.; \$20/overnight Tie-Down/TP and Jet/\$300/mo.; \$30/overnight Ramp/Piston/\$10 Ramp/Twin piston/\$20 Ramp/TP and Jet/\$30	T-Hangars/\$185/mo./\$50 late fee T-Hangar End Cap/\$55/mo. Main Hangar/Single Engine Piston/\$225/mo.;\$25/overnight Main Hangar/Twin Engine Piston/\$300/mo.;\$50/overnight Main Hangar/TP/\$350/mo.; \$100/overnight Main Hangar/Jet/\$450/mo.; \$100/overnight	NA	City is the fuel vendor thus they profit on the difference between wholesale and sale price.  \$0.15/gallon for any outside fuel deliveries	NA	NA	NA	NA	NA	NA
Scholes International/GLS/TX	Regional GA Reliever	6,001'	133/8	29,300	Tie-Down/Piston and Heli./ \$50/mo. Tie-Down/Sm and Md Twin/ \$75/mo. Tie-Down/Lg Twin and Jet. ≤ 12,500lb/ \$200/mo./\$15/day Tie-Down/Lg Twin and Jet. > 12,500lb/ \$400/mo./\$25/day Tie-Down/Lg Twin and Jet. > 60,000lb/ \$800/mo./\$50/day Tie-Down/Lg Twin and Jet. > 100,000lb/ \$1,200/mo./\$80/day	T-Hangars/\$125-\$350/mo./\$30 overnight Box Hangars/\$300-\$1,600/mo./\$30 overnight Executive Hangars/\$2,500-\$3,000/mo.	Office Space in Terminal/\$13.55-\$38.95/sf/yr Primary Airside Ground Lease/\$ 0.23-\$0.25 sf/yr Secondary Airside Ground Lease/\$ 0.16-\$0.18 sf/yr	Subject to current rates and charges	NA	\$50/mo.  \$420/yr	NA	Yes	NA	Subject to terms of lease
Texas Gulf Coast Regional/LBX/TX	Regional GA Reliever	7,000'	69/5	78,000	Tie-Down/Piston/ \$55/mo.; \$10/overnight Tie-Down/Twin piston/\$80/mo.; \$20/overnight Tie-Down/Small TP/\$100/mo.; \$30/overnight Tie-Down/Large TP/\$150/mo.; \$40/overnight Tie-Down/Jets/\$200/mo.; \$100/overnight	T-Hangars/\$200-\$280/mo. Box and Conv. Hangars/\$220-\$1,500/mo. Overnight Hangars/Piston-TP/\$60-\$120 Overnight Hangars/Jets/\$110-385	Aviation/Improved/\$0.16/sf/yr. Aviation/Unimproved/\$0.10/sf/yr.	\$0.09/gallon	NA	NA	NA	NA	10% rental cars	20yr+10yr+10yr/ reversion
Georgetown Municipal Airport/GTU/TX	National GA Reliever	5,004'	312/32	97,000	Tie-Down/\$75/mo. Tie-Down/\$5/Overnight.	T-Hangars/\$230-\$400/mo. Box Hangars/\$500-\$925/mo. Conventional Hangar/Up to \$6,000/mo.	Improved/\$0.35/sf/yr. Unimproved/\$0.20/sf/yr.	Avgas/\$0.675/gallon JetA/\$0.6542/gallon	NA	NA	NA	NA	NA	20yr+10yr/ reversion
Scottsdale Airport/SDL/AZ	National GA Reliever	8,249'	378/153	184,000	Tie-Down/\$35-\$110/mo. Transient/\$5-\$75/overnight Transient/\$1.50/1,000 lbs. > 12,500 lbs.	T-Hangar/\$450/mo. Shade Hangar/\$200-\$250/mo. Box Hangar/\$2,700/mo.	Aviation Land/\$0.48/sf/yr	\$0.08/gallon	\$1.50/1,000 lbs. > 12,500 lbs.	NA	Piston-TP/\$50-\$225/use Small Jet/\$350/use Medium - Large Jet/\$600-\$750/use	Yes	Yes	20yr+10yr+10yr/ reversion
Buchanan Field Airport/CCR/CA	National GA Reliever	5,001'	400/35	120,000	Tie-Down/Based on Wingspan/\$35-\$85/mo. Transient/Based on Wingspan/\$5-\$25/day Transient Hangar/\$65-\$110/day	Shade Hangar/\$140-\$165/mo. T-Hangar/\$350-\$640/mo Box Hangar/\$470-\$510/mo.	Portable Hangar Ground Rent /\$130/mo. Aviation Land/ \$0.62-\$1.13/sf/yr. Non-Aviation/\$1.06-\$3.05/sf/yr. Golf Course/\$0.09/sf/yr.	\$0.09/gallon	<12,500 lbs./\$10  >12,500 lbs./\$25	NA	NA	NA	FBOs/ 1% gross income Non-FBOs/ 2% gross income Rental cars/2.5%/gross income	30yr+10yr+10yr/ reversion
Hollister Municipal Airport/CVH/CA	Local GA	6,350'	115/5	57,000	Tie-Down/\$50/mo./Piston; \$70/mo./Twin Transient: \$5/day/Piston; \$10/day/Twin; \$25/day/Jets	T-Hangar/\$402/mo. Box Hangar (50'x50')/\$2,192/mo. Box Hangar (60'x60')/\$2,865/mo.	Negotiable	\$0.08/gallon	<12,500 lbs./\$20 >12,500 lbs. \$40	NA	NA	NA	NA	30yr/Negotiable
Watsonville Municipal Airport/WVI/CA	Regional GA	4,501'	258/5	60,000	Piston/Tie-Down/\$106/mo./ Twin/<12,500 lbs./\$175/mo. >12,500 lbs./\$675/mo. Transient/Overnight/\$10-Single Piston/\$15-Twin/\$30-Jet/\$100-Jet > 12,500 lbs. Transient/Weekly/\$40-Single Piston/\$60-Twin/\$120-Jet/\$400-Jet > 12,500 lbs.	T-Hangar/900sf/\$266/mo. T-Hangar/975sf/\$294/mo. T-Hangar/1,000sf/\$380/mo. T-Hangar/1,100sf/\$370/mo. Box Hangar/2,200sf/\$860/mo. Corporate Hangar/3,300/\$1,640/mo. Mini Hangar/500sf/\$264/mo.	Finished Terminal Building Space/\$0.60/sf/mo.	City is the fuel vendor thus they profit on the difference between wholesale and sale price.	NA	\$5/day \$30/week \$75/mo.	NA	\$100/yr. Special event permit: \$300/event	NA	20yr or 30yr/reversion
Skagit Regional Airport/BVS/WA	Regional GA	5,478'	133/3	33,500	Tie-Down/Single Piston/\$51/mo. Tie-Down.twin/\$56/mo. Transient/\$6/day/First 72 hours free	T-Hangars/\$312-\$344/mo. Box Hangar/\$489-\$610/mo. Community Hangar/FBO Managed	Unimproved on Primary Flightline/\$0.386/sf/yr Unimproved on Crosswind Rwy/\$0.162/sf/yr	\$0.93/gallon	NA	\$5/day \$15/week	Customs available/no airport fee	NA	NA	10yr/10yr/10yr/reversion

<sup>1</sup>National Plan of Integrated Airport Systems (NPIAS)

<sup>2</sup>Airport Master Record - Form 5010

Airport/FAA ID/State	Airport FAA Classification <sup>1</sup>	Longest Runway	Based Aircraft/TP & Jets <sup>2</sup>	Annual Operations <sup>2</sup>	Aircraft Parking Rates	Hangar Storage Rates	Ground Lease Rates	Fuel Flowage Fees	Landing Fees	Auto Parking Fees	Customs Fees	Commercial Operators License	Percentage of Gross Sales	Typ. Lease Term/Reversion
Topeka Regional Airport/FOE/KS	Regional GA	12,803	35/6	17,000	Tie-Down/Single Piston/\$50/mo. Tie-Down/Twin/\$60/mo. Transient/\$10/day/Free with gas	T-Hangars/\$100-\$230/mo. Old Military Hangar/\$1.00/sf/yr. Renovated Old Military Hangar/\$2.50/sf/yr. Terminal space/\$16/sf/mo. Community Hangar: Based on wingspan+5 feet square/\$0.07/sf/mo.	Non-Aviation Building-Office/\$2.50/sf/yr Unimproved Ground Lease/\$0.11-\$0.13/sf/mo. Business Park Ground Lease/\$0.17/sf/mo.	\$0.06/gallon/FBO	Charter aircraft only based on weight.	Free	NA	NA	NA	15Yr/15Yr/reversion; Annual lease rate adjustment based on CPI.
Grant County International Airport/MWH/WA	Local GA	13,503'	35/0	77,000	Tie-Down/Piston or Twin/\$70/mo./FBO Ramp Transport Aircraft Storage/\$600/acre	All Hangars Privately Owned/Rates Vary Community Hangar/FBO Managed/Approx. \$200/mo.	Unimproved Aviation Land/\$600/acre/mo. Unimproved Non-Aviation Land/\$325/acre/mo.	\$0.07/gallon/FBO	<12,500/Free >12,500/\$1.10/per 1,000 lbs.	NA	Yes	County Business License	NA	30Yr/reversion or return to initial condition (demo)
Salinas Municipal Airport/SNS/CA	Regional GA Reliever	6,004'	113/6	70,000	Piston/\$55/mo. Twin/\$110/mo. Jet/\$600/mo. Helo/\$61/mo.	T-Hangars/900sf-1,070sf/\$172-\$288/mo. Box Hangars/1,610-4,230sf/\$574-\$1,507/mo.	Aviation/\$0.33-\$0.36/sf/yr. Non-Aviation/\$1.00/sf/yr.	Avgas/\$0.10/gallon Jet A/\$0.13/gallon	NA	\$100/mo./RV or car	NA	Yes/Waived with lease. \$150/yr. for a sublet business.	7% restaurant	30Yr+10Yr+10Yr/reversion
Marina Municipal Airport/OAR/CA	Local GA	3,478'	50/3	30,000	Overnight parking: \$10/day/waived with fuel purchase Tie-down: \$25/mo.	Community Hangar (based on wingspan) <38'=\$175/mo. 38'-45'=\$250/mo. 46'-50'=\$500/mo. >50'=(negotiable)/mo. Certain Existing Hangars/\$0.17-\$0.19/sf/mo.	Undeveloped Aviation Land/\$0.03/sf/mo. Developed Aviation Land/0.05/sf/mo. Non-Aviation Land/\$0.0043-\$0.0087/mo.	City is the fuel vendor thus they profit on the difference between wholesale and sale price.	\$25/<12,500 lbs. (waived with a fuel purchase)	NA	NA	City Business License Required (approx. \$200)	NA	30Yr/10Yr/10Yr/reversion

<sup>1</sup>National Plan of Integrated Airport Systems (NPIAS)

<sup>2</sup>Airport Master Record - Form 5010





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